

Presidential Awards for Excellence in Microenterprise Development

Excellence in Program Delivery: Access to Capital

Micro Industry Credit Rural Organization (MICRO)

of the PPEP Microbusiness and Housing Development Corporation, Inc.

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| Location: | Tucson, Arizona |
| Program Type: | Non-profit loan fund providing financial and technical assistance |
| Service Area: | Rural Arizona |
| Target Group: | Very-low and low-income Microentrepreneurs; principally Hispanic |
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The Micro Industry Credit Rural Organization (MICRO), a loan fund of PPEP Microbusiness and Housing Development Corporation, was founded in 1987 and is one of the oldest Hispanic development organizations and one of the oldest microenterprise loan funds in the nation. MICRO is recognized for its best practices as a credit-oriented model for promoting microentrepreneurship.

MICRO has demonstrated performance and leadership within the microenterprise field. MICRO has achieved high impact by making credit available to a large number of small and start up businesses within a very low income community. The Awardee has proven that it is resilient in withstanding significant economic challenges when many of its borrowers that sell products to customers in Mexico were adversely affected by the devaluation of the Mexican peso. MICRO's management has provided leadership within the microenterprise industry in forging bank partnerships, working toward the establishment of an industry trade organization, and sharing its lessons learned with others in the industry.

MICRO is a microenterprise loan fund with a primary mission of nurturing low-income, disenfranchised microentrepreneurs in rural Arizona. MICRO is a part of Project PPEP (Portable, Practical Educational Preparation), a non-profit organization serving the social, educational and business needs of its low-income, principally Hispanic clientele that live in distressed communities of rural Arizona. MICRO has developed an innovative and effective model for fostering the development of stable microenterprises which have created jobs, generated income, built assets, and enhanced the skills of entrepreneurs traditionally disadvantaged by race, ethnicity, income and location.

MICRO provides working capital loans at market rates in conjunction with technical assistance, such as business skills training and English classes. The Awardee also requires its borrowers to participate in local MICRO business associations which offer a means for microentrepreneurs to network, receive peer support, and share ideas. Since opening its doors in 1987, MICRO has served more than 1,050 entrepreneurs and provided \$5.5 million in credit. Nearly 80% of all of MICRO's clients that have received financial or technical assistance since

its formation are still in business today. Furthermore, MICRO has enabled its clients to enhance their economic well-being. Some clients that have been with the program since its early days have increased their household assets by nearly 75%, with most clients experiencing annual increases of \$5,000 to \$15,000.

The MICRO model has been used to successfully establish microenterprise programs throughout the United States and abroad including Hawaii, Texas, Nebraska, Oklahoma, Florida, New Mexico, Peru, Brazil, Mexico, Bolivia, Africa and Tobago.

Micro Industry Credit Rural Organization Customer Profiles

“Chuyita”

Maria Jesus (“*Chuyita*”) Gaxiola first visited Project PPEP’s office in the border community of San Luis, Arizona in early 1993. A migrant farm worker, widowed with two small daughters, barely surviving on her daughters Social Security income and speaking no English, Chuyita’s future appeared bleak. The economic conditions of this small border community were not any better. Hard hit by a peso devaluation, the job market was non-existent. The unemployment rate was fast approaching 65%.

With the desire to make it on her own and the dream of some day becoming a successful entrepreneur, she walked into the offices of Project PPEP in early 1993 and enrolled in the 402 Migrant and Seasonal Farm Worker program made possible by a grant from the Department of Labor (DOL). The English as a Second Language (ESL) training program would teach her English and the Job Opportunities for Low Income (JOLI) from Health and Human Services would provide her with the opportunity to learn basic business skills.

Having completed the two training strategies successfully at the same time, she enrolled in another DOL program, the Adult Basic Education (ABE) to further her English speaking skills. While training, she was taking care of her apartment, two small daughters, and selling cosmetics on her spare time to make ends meet.

Determined to make it at whatever cost, Chuyita, as she is affectionately known, completed the highest level ESL and finished the JOLI course with a viable business plan. The business plan was her passport to borrow an initial \$1,500 from the SBA/MICRO Loan Fund. She repaid her first, a second and a third loan with no problems. Her home-based enterprise flourished as she expanded her cosmetics, jewelry and accessories inventory. Her fourth and current loan is a line of credit of \$5,000 through a Rural Business Enterprise Grant made possible by Rural Development for the Arizona Border Enterprise Community. In 1998, her gross sales totaled \$60,000 giving her a profit of \$30,000.